

الخبير الوقفي ا
Alkhabeer Waqf I



ALKHABEER WAQF FUND I

ANNUAL REPORT 2020

الخبير المالية
Alkhabeer Capital



الخبير المالية
Alkhabeer Capital



ALKHABEER CAPITAL

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This document does not constitute an offer to buy, subscribe or participate in any way in Alkhabeer Waqf Fund I, nor shall it (or any part of it) form the basis of, or be relied on, in connection with, or act as inducement to enter into any contract whatsoever. Prospective investors should read carefully Alkhabeer Waqf Fund I's Terms and Conditions and their contents related to investment risks as well as other Alkhabeer Waqf Fund I documents prior to making any investment decision. Alkhabeer Waqf Fund I documents are available on Alkhabeer Capital's website www.alkhabeer.com. Fund reports are also available on the Fund Manager's website. This investment is not a cash deposit with a local bank. The value of the amount invested and any other income which may arise therefrom, may increase or decrease. All prospective investors are required to make their own determination, with their own financial and legal advisors, and evaluate all risks involved. No assurance can be given that the targeted and projected results will be achieved. Moreover, past performance of Alkhabeer Waqf Fund I is not a guarantee of future performance. By investing in the Fund, the investor acknowledges having read and accepted Alkhabeer Waqf Fund I's Terms and Conditions. This investment may not be suitable for all investors. The past performance of the Fund or the past performance of the Benchmark, if any, is not an indicator of the Fund's future performance. The Fund may invest in Securities issued by the Fund Manager or any of its affiliates, commensurate with the Fund's objectives, investment policies and practices as provided in the Fund's Information Memorandum. Alkhabeer Capital may hold a share in the Funds it manages. No assurance can be given to Unit subscribers that the absolute performance of the Fund, or its performance as compared to the benchmark, will recur or be similar to any previous performance. Moreover, no assurance can be provided by the Fund Manager concerning the achievement of the investment objectives. Subscribers (Waqifs) shall before subscribing take into consideration the risk factors as described in the Fund's Terms and Conditions and the Information Memorandum, which may adversely affect the Fund's Net Asset Value. The subscribers may lose their subscriptions in the Fund, and such loss may result in the total loss or reduction of the Waqf proceeds allocated to Waqf expenditures. The Fund Manager or any of its affiliates shall not be liable for any loss which may be suffered by the Fund, unless such loss is caused by deliberate negligence on the part of the Fund Manager. All prospective subscribers (waqifs) shall make their own decisions or by seeking advice from the professional advisors, in respect of the legal and financial risks and taxes applicable to this Fund. This document is a translation of the original Arabic language document. In the event of any discrepancy between this translation and the text of the original Arabic language document, the text of the original Arabic language document shall prevail.

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KEY FUND INFORMATION

1. NAME OF THE FUND

Alkhabeer Waqf Fund I.

2. FUND'S INVESTMENT OBJECTIVES, POLICIES AND PRACTICES

- Alkhabeer Waqf Fund I is an open-ended public waqf investment fund intended to generate an annual income to the Society of Majid bin Abdul Aziz for Development and Social Services (Beneficiary) of not less than 75% of the Fund's net returns – if any – to support the Society's charitable activities, with the balance of the returns to be retained and reinvested in Alkhabeer Waqf Fund I. The Fund Manager will invest the Fund's assets professionally to achieve capital gain and distribute a percentage of the returns (Waqf Yield), to be paid annually on an ongoing basis to cover the Fund's waqf expenses, namely the services provided by Majid Society (Beneficiary). The Beneficiary shall spend the Waqf Yield on development and social services under the Society's development programs.
- The Fund also aims at bolstering the developmental role Awqaf play in supporting social development and services through developing and investing Fund Waqf's assets and protecting them against depletion, so as to promote the principle of social solidarity and support Waqf expenditures as well as benefit the Waqf asset. The Fund Manager receives subscription amounts from subscribers (Waqifs) and invests them to generate annual yield. A percentage of the realized yield (Waqf Yield) is periodically allocated to the Fund's specific Waqf expenditures through the beneficiaries.
- The Fund Manager intends to allocate the investment over multiple assets in order to achieve the target returns with reasonable risk exposure and preserve the Waqf asset. The risk associated with certain investment assets may be higher as compared to other investment instruments. However, the Fund's diversification of investments by allocating investments to multiple asset classes may help mitigate the risk factors. Therefore, the prospective subscriber (Waqif) should read and fully understand the details of the risks associated with the Fund's investments, as described in the clause titled "Key Fund Investment Risks" in the Information Memorandum.

3. INCOME AND DIVIDEND DISTRIBUTION POLICY

- The Fund will distribute annual cast returns of not less than 75% of the Fund's net returns – if any – to support the charitable activities of the beneficiary. The remaining undistributed percentage of the returns shall be reinvested in Alkhabeer Waqf Fund I.
- The Fund Manager does not distribute any dividend to Unit Waqifs, given the Waqf nature of the Fund.

4. THE FUND MANAGER AVAILS FUND'S REPORTS UPON REQUEST, FREE OF CHARGE

KEY FUND FACTS

FUND TYPE	Open-ended public waqf investment fund
FUND MANAGER	Alkhabeer Capital
BENEFICIARY	The Society of Majid Bin Abdulaziz for Development and Social Services
FUND DOMICILE	Kingdom of Saudi Arabia
FUND DATE OF INCEPTION	14 January 2020
FUND TERM	The Fund does not have a specified term
MINIMUM SUBSCRIPTION	SAR 1,000
MINIMUM SUBSCRIPTION MULTIPLE	SAR 100
FUND ASSETS SIZE (AT INCEPTION)	SAR 1,510,030
FINANCING AMOUNT	N/A
BORROWINGS TO FUND NET ASSET VALUE AS AT THE END OF 2020	0.00%
AMOUNT AND RATIO OF THE FUND MANAGER'S INVESTMENT TO THE FUND'S NET ASSET VALUE AS AT THE END OF 2020	0.00%
REDEMPTION	The Fund does not accept any redemption applications, given its Waqf nature
HOW TO SUBSCRIBE IN THE FUND	

1

Open an investment account with Alkhabeer Capital (Complete the "Know Your Client" Form)

2

Complete and sign the "Subscription Application" Form

3

Sign the Fund's Terms and Conditions

4

Pay the Subscription Amount (by bank transfer to the Fund's account or by bank draft issued by a licensed local bank)

SUBSCRIPTION APPLICATION ACCEPTANCE DAYS

Every business day

FUND'S PERFORMANCE CRITERIA AND INDICATORS FOR PERIOD

BENCHMARK	Alkhabeer Income Generating Asset Index
INITIAL UNIT PRICE (OFFERING PRICE)	SAR 10.00
UNIT PRICE AS AT THE END OF THE QUARTER (31 DECEMBER 2020)	SAR 10.7239
52-WEEK HIGH	SAR 10.8524
52-WEEK LOW	SAR 8.3765
NUMBER OF OUTSTANDING UNITS	167,592.0368 Units
UNIT PRICE PERFORMANCE SINCE THE PREVIOUS PERIOD*	7.239%
UNIT PRICE PERFORMANCE SINCE THE DATE OF INCEPTION*	7.239%
TOTAL RETURN SINCE THE PREVIOUS PERIOD*	7.239%
TOTAL RETURN SINCE THE DATE OF INCEPTION*	7.239%

* The Fund was established on 14 January 2020

FINANCIAL INDICATORS AS AT END OF 2020

VALUATION FREQUENCY	Mondays and Thursdays
FUND NET ASSET VALUE	SAR 1,797,235
FUND NET ASSET VALUE PER UNIT	SAR 10.7239
HIGHEST AND LOWEST FUND NET ASSET VALUE PER UNIT DURING THE YEAR	HIGHEST UNIT VALUE = SAR 10.8524 LOWEST UNIT VALUE = SAR 8.3765
RATIO OF TOTAL FEES AND EXPENSES TO FUND TOTAL ASSET VALUE*	0.00%
NON RECURRING FUND EXPENSES TO THE FUND'S TOTAL ASSET VALUE	SAR 0.00
RATIO OF FUND COSTS TO THE FUND'S TOTAL ASSET VALUE	0.00%
RATIO OF NON RECURRING FUND COSTS TO THE FUND'S AVERAGE NET ASSET VALUE	SAR 0.00
SERVICE CHARGES, COMMISSIONS AND FEES	SAR 0.00
TOTAL PERCENTAGE EXPENSES	SAR 0.00
CIRCUMSTANCES UNDER WHICH THE FUND MANAGER DECIDES TO EXEMPT FROM FEES OR DECREASE THEM	N/A

* The Fund Manager decided to support the Fund by shouldering all Fund expenses for the period from inception to 31 December 2020, to enable the Fund to bear all of its expenses.

DIVIDEND DISTRIBUTION (31 DECEMBER 2020)*

DIVIDEND DISTRIBUTION POLICY	75% of the Fund's net returns received - if any - will be paid, as a minimum, to the Beneficiary
DISTRIBUTION FREQUENCY	Dividends will be distributed once per year within 10 business days following the end of December of each year
TOTAL DIVIDENDS DISTRIBUTED AS AT 31 DECEMBER 2020	Not Applicable
DIVIDENDS DISTRIBUTED PER UNIT AS AT 31 DECEMBER 2020	Not Applicable
RATIO OF DIVIDENDS DISTRIBUTED IN THE REPORTING YEAR TO THE INITIAL UNIT PRICE	Not Applicable
TOTAL DIVIDENDS DISTRIBUTED FOR THE YEAR 2020*	SAR 59,520.07
DIVIDENDS DISTRIBUTED PER UNIT AS AT 31 DECEMBER 2020**	SAR 0.3551
RATIO OF DIVIDENDS DISTRIBUTED IN THE REPORTING YEAR TO THE INITIAL UNIT PRICE	3.55%
NUMBER OF FUND UNITS AS AT 31 DECEMBER 2020	167,592,0368

* Dividends distributed to the Beneficiary

**On 3 January 2021, the Fund Board approved a dividend distribution for the period from 14 January 2020 to 31 December 2020 of SAR 0.3351 per Unit, or a total of SAR 59,520.07. The distribution was made on 14 January 2021.

FUND'S PERFORMANCE REPORT

1. FUND'S HIGHLIGHTS AND ANY KEY, MATERIAL OR CRUCIAL CHANGES AFFECTING THE PERFORMANCE OF THE FUND

- There were no material changes that affected the performance of the Fund.
- The Fund's performance remains correlated to the performance of the Saudi Stock Exchange due to the concentration of its investment, mainly in REIT Funds. The Fund's size remained insufficient to apply the asset diversification policy in line with the Fund's strategy as targeted at the time of the Fund's inception – including without limitation – investing in Sukuk.
- Alkhabeer Waqf Fund I showed significant improvement in its performance in Q4, as compared to Q1, Q2 and Q3 2020, with an increase in the Fund's NAV by 2.49% QoQ, resulting in generating a net profit of 7.24% since its Date of Inception, as compared to the performance of the benchmark, which increased by 7.14% during the same period. Moreover, the number of units increased by 11% in 2020, from 151,003.00 to 167,592.04 Units, and the Fund's NAV increased from SAR 1,619,335.91 to SAR 1,797,235.
- The Fund Manager succeeded in realizing target profits as at the end of 2020 amounting to SAR 79,360, and distributed to the Beneficiary, as per the approved policy, 75% of the profits, or a sum total of SAR 59,520.07 for the period from 14 January 2020 to 31 December 2020.

2. DISCLOSURE OF ANNUAL VOTING PRACTICES

N/A.

BOARD OF DIRECTORS' REPORT

- The Fund Board held a meeting on 18 August 2020 to discuss the Fund's developments and any obstacles that the Fund is facing. The Directors unanimously agreed that it is necessary to bolster efforts to increase the size of the Fund by implementing a marketing plan aimed at raising more subscriptions to enable the Fund Manager to optimally implement its investment policy in order to achieve its investment objective.
- The Fund Board met for the second time back-to-back, on 23 November 2020, to discuss the Fund's developments and review plans to support the capital increase of the Fund, which included the following:
 - Marketing the Fund over social media websites, through Majid Society and Alkhabeer Capital.
 - Inviting Majid Society's members and affiliates to make capital contributions to the Fund.
 - Inviting the Fund Manager's clients to make capital contributions to the Fund.
 - Arranging an educational seminar on Waqf funds, to be held via audiovisual communication platforms, and inviting Majid Society's members and affiliates, as well as a select group of the Fund Manager's clients.

BOARD OF DIRECTORS

#	NAME	TITLE
1	AMMAR AHMED SHATA	Chairman of the Board
2	AHMED SAUD GHOUTH	Director
3	YASSER MOHAMMED BAHARETH	Director
4	HAMED MOHAMMED AL-HARSANI	Independent Director
5	ABDULLAH MOHSEN AL-NAMMARI	Independent Director

OVERVIEW OF THE FUND MANAGER

FUND MANAGER



Alkhabeer Capital

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REVIEW OF INVESTMENT ACTIVITIES DURING THE PERIOD

The Fund Manager carries out all Fund's investments in line with the Fund's objectives and strategies. The Fund invests in real estate investment traded funds (REITs) and in income generating funds. Each fund discloses management fees.

DESCRIPTION	ACTION
Details of any changes to the Fund's Terms and Conditions and Information Memorandum.	Not Applicable
Any changes in the Fund's information that can influence the Unitholders' decision.	Not Applicable
Statement of special commissions received by the Fund Manager during the period, clearly describing what they are.	Not Applicable

OVERVIEW OF THE CUSTODIAN

COSTODIAN



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 Tel: +966 92 000 3636
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BRIEF DESCRIPTION OF THE CUSTODIAN'S OBLIGATIONS

- Notwithstanding any delegation by the Custodian to one or more third parties under the provisions of CMA's Investment Funds Regulations or the Capital Market Institutions Regulations, the Custodian shall remain fully responsible for compliance with the Investment Funds Regulations.
- The Custodian shall be liable to the Unitholders for any losses caused to the investment fund due to the custodian fraud, negligence, misconduct or willful default.
- The custodian shall be responsible for taking custody and protecting the Fund's assets on behalf of Unitholders, and for taking all necessary administrative measures in relation to the custody of the Fund's assets.
- The Custodian may delegate his obligations and responsibilities towards the Fund to one or more third parties, or to any of its affiliates to act as Fund Sub-Custodian. The Custodian remains fully responsible for his obligations in accordance with the Investment Funds Regulations, whether it discharges its responsibilities directly or delegates them to a third party under the provisions of CMA's Investment Funds Regulations, or the Capital Market Institutions Regulations. The Custodian shall be liable to the Fund Manager and the Unitholders for any losses that may occur to the Fund due to the custodian fraud, negligence, misconduct or willful default. The Custodian shall pay the fees of the Sub-Custodian out of its own resources.

STATEMENT OF THE CUSTODIAN'S OPINION

Statement based on his opinion on whether the Fund Manager has performed the following actions or not:

DESCRIPTION	ACTION
Issuance, transfer and redemption of the Units in accordance with the provisions of the Investment Funds Regulations, the Fund's Terms and Conditions and the Information Memorandum.	Not Applicable
Valuation and calculation of the Unit Price in accordance with the provisions of the Investment Funds Regulations, the Fund's Terms and Conditions and the Information Memorandum.	Not Applicable
Violating any of the investment restrictions and limits, and the borrowing authority as provided in the Investment Funds Regulations.	Not Applicable

OVERVIEW OF THE AUDITOR

AUDITOR



مجموعة تالال أبو غزالة
Talal Abu-Ghazaleh Organization

Talal Abu-Ghazaleh & Co. International

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AUDITOR'S OPINION

We have audited the financial statements of Alkhabeer Waqf Fund I ("The Fund") Managed by Alkhabeer Capital ("Fund Manager"), which comprise the statement of financial position as of December 31, 2020, and the Statement of Comprehensive income, Statement of Changes in net assets attributable to unitholders and Statement of Cash Flows for the period from operation on January 14, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the Financial Position of the Fund as of December 31, 2020, and its financial performance and its cash flows for the period from operation on January 14, 2020, to December 31, 2020, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by the Saudi Organization of Certified Public Accounts (SOCPA).

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statement, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our opinion.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNOR FOR THE FINANCIAL STATEMENTS

The fund manager is responsible for preparing the financial statements and their fair presentation in accordance with international financial reporting standards as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Certified Public Accountants (SOCPA) and the private placement memorandum, regulations issued by the Capital Market Authority (CMA), Investment Fund Regulations, other executive regulations, and for such internal control as fund manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Fund manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance board of directors, are responsible for overseeing the fund's financial reporting process.

RISK ASSESSMENT REPORT

EXPECTED RISKS	RISK DESCRIPTION	RISK MITIGATION TECHNIQUES
CREDIT RISKS	The risks of a potential loss resulting from the borrower's failure to repay or fulfill its contractual obligations.	All domestic and regional counterparties are assessed prior to investing, and exposure limits are drawn to ensure non-concentration with a given counterparty or another. All such exposures are monitored periodically to ensure compliance with the set limits.
CONCENTRATION RISKS	Risks related to the degree of diversification of investments, geographically, politically, economically or by sector. Thus, any deterioration in the circumstances that affect the foregoing may have an adverse effect on operation or financial results.	The Fund's assets are allocated to diversified investments in line with the investment policy in order to avoid concentration of the Fund's investments in limited investments.
VARIATION OF COST OF FUNDS RISKS	Risks of higher interest rates affecting the cost of funds.	When the Fund receives financing, the Fund Manager ensures that the cost of Fund is in line with the target return, so as to minimize any adverse effect caused by higher cost of the financing or lower investment returns.
SHARI'A NON-COMPLIANT RISKS AND DISPOSAL OF NON-SHARI'A COMPLIANT REVENUES	Risks related to investing in non-Shari'a compliant securities. Resulting revenues are disposed of by purification. However, the purification process may prove costly to the Fund and may undercut the Fund's profits.	All investment decisions are made after taking the guidelines of the Fund's Shari'a Board into consideration. The Fund's investments shall be monitored and reviewed periodically to ensure that they are in compliant with Shari'a guidelines. In the event the Fund Manager's Shari'a Board decides that such investments no longer satisfy the guidelines based on which the Shari'a Board approved them, the process and causes of existing such investments shall be disclosed to the Board.
LIQUIDITY RISKS	Such risks occur when the obligation related to the Fund's payments and expenses is not fulfilled. Therefore, the Fund Manager may not be able to convert assets into cash without foregoing capital and income.	Maintaining minimum liquidity in money market instruments shall be ensured in order to enable the Fund to pay any amounts as they become due.
GOVERNANCE AND CONFLICT OF INTEREST RISKS	Conflict of interest risks occur when the interests of decision makers conflict with the interests of the Fund, and as such, the decision may be adversely affected by other interests.	When the Fund Board was formed, the Fund Manager has taken into account the governance rules and guidelines, ensuring that the Board is comprised of five directors, two of whom are appointed by the Fund Manager, one representing the Beneficiary, and two independent directors. The Board oversees any conflict of interest, agrees to how they are dealt with process, and approves a written Fund governance policy and an investment policy.
INVESTING IN OTHER FUNDS RISKS	The risks of funds in which the Waqf Fund invests are the risks of total or partial loss of the Fund's investment in the other funds, as their valuations decline after acquisition, or as they fail to distribute dividends.	The performance and risks of each Fund in which the Fund Manager intends to invest, are assessed. Moreover, the Fund Manager will monitor the performance of those funds periodically and make valuations against the benchmark and performance indicators of each of fund which is invested in.
SUSPENSION OF TRADING RISKS	The performance of one of the funds in which the Waqf Fund invests may be disrupted due to unforeseen suspension of trading.	One of the investment criteria the Fund Manager assesses prior to investing in listed units is the level of disclosure of the listed fund, and whether the fund complies with the Saudi CMA Law and Regulations.
LATE LISTING RISKS	The late listing risks occur when investing in listed IPOs. The risks relate to the timing of the offering.	Investment decisions are made by the Fund Manager after the study of available investment opportunities and the investment size, and ensuring that the sizes of such investments (REIT IPOs) do not affect the Fund's NAV.

MAIN SERVICE PROVIDERS

FUND MANAGER AND ADMINISTRATOR	<p>Alkhabeer Capital P.O. Box 128289, Jeddah 21362 Kingdom of Saudi Arabia Tel: +966 12 658 8888 Fax: +966 12 658 6663 www.alkhabeer.com</p>	<p>الخبير المالية Alkhabeer Capital</p> 
CUSTODIAN	<p>Albilad Capital P.O. Box 8162 Riyadh 12313-3701 Kingdom of Saudi Arabia Tel: +966 92 000 3636 Fax: +966 11 290 6299 www.albilad-capital.com</p>	<p>البلاد المالية Albilad Capital</p> 
AUDITOR	<p>Talal Abu-Ghazaleh & Co. International P.O. Box 9767 Riyadh 11423 P.O. Box 1994 Jeddah 21441 Kingdom of Saudi Arabia Tel: +966 11 464 2936 www.tagi.com</p>	 <p>مجموعة طلال أبوغزالة Talal Abu-Ghazaleh Organization</p>
LEGAL ADVISOR	<p>Shariyah Review Bureau Building No. 872 – Offices 41 and 42 Road 3618, SEEF 436 Kingdom of Bahrain Tel: +973 17 215 898 www.shariyah.com</p>	 <p>SHARIYAH REVIEW BUREAU</p>

FINANCIAL STATEMENTS

**Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah - Kingdom of Saudi Arabia**

**Financial Statements and
Independent Auditor's Report
For the period from Operation on
January 14, 2020 to December 31, 2020**

Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah - Kingdom of Saudi Arabia

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Independent Auditor's Report

To The Unitholders
Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah - Kingdom of Saudi Arabia

Report on auditing of the financial statement

Opinion

We have audited the financial statements of Alkhabeer Waqf Fund I ("The Fund") Managed by Alkhabeer Capital ("Fund manager"), which comprise the statement of financial position as of December 31, 2020, and the Statement of Comprehensive Income, Statement of Changes in net assets attributable to unitholders and Statement of Cash Flows for the period from operation on January 14, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the Financial Position of the Fund as of December 31, 2020, and its financial performance and its cash flows for the period from operation on January 14, 2020 to December 31, 2020, in accordance with the International Financial Reporting Standards (IFRS) as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards endorsed by the Saudi Organization of Certified Public Accountants (SOCPA).

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The fund manager is responsible for preparing the financial statements and their fair presentation in accordance with international financial reporting standards as adopted in the Kingdom of Saudi Arabia and other pronouncements and Standards endorsed by the Saudi Organization of Certified Public Accountants (SOCPA) and the private placement memorandum, regulations issued by the Capital Market Authority (CMA), Investment Fund Regulations, other executive regulations, and for such internal control as fund manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Fund manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Fund manager either intends to liquidate the fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance board of directors, are responsible for overseeing the fund's financial reporting process.

Independent Auditor's Report to the Unitholders of Alkhabeer Waqf Fund I Managed by Alkhabeer Capital ("Fund manager") - (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by fund manager.
- Conclude on the appropriateness of fund manager use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Talal Abu-Ghazaleh & Co.



Abdul Wahab Ismail Khonkar

Certified Public Accountant - License No. 432

Shaban 9, 1442 (H) Corresponding to March 22, 2021 (G)

Jeddah - Kingdom of Saudi Arabia



Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah - Kingdom of Saudi Arabia

Statement of Financial Position as of December 31, 2020

EXHIBIT "A"

	Note	2020 (SR)
ASSETS		
Cash at investment portfolio	5	7,860
Investment in assets at fair value through statement of income	6	1,788,006
Dividends receivable		1,368
Total assets		1,797,234
Net assets attributable to unitholders		1,797,234
Units issued	7	167,592
Net assets value per unit		10.7239

"The Accompanying Notes from (1) To (17) Constitute an Integral Part of These Financial Statements"

Alkhabeer Waqf Fund I
 (Managed by Alkhabeer Capital)
 Jeddah - Kingdom of Saudi Arabia

Statement of Comprehensive Income for the period from operation on January 14, 2020 to December
 31, 2020

EXHIBIT "B"

	Note	For the period from operation on January 14, 2020 to December 31, 2020 (SR)
Revenues		
Dividends		79,360
Net gain from investment in assets at fair value through statement of income	8	33,493
Total revenues		112,853
Expenses		-
Total expenses	9	-
Net comprehensive income for the period		112,853

"The Accompanying Notes from (1) To (17) Constitute an Integral Part of These Financial Statements"

Alkhabeer Waqf Fund I
 (Managed by Alkhabeer Capital)
 Jeddah - Kingdom of Saudi Arabia
 Statement of Changes in Net assets attributable to unitholders for the period from operation on
 January 14, 2020 to December 31, 2020

EXHIBIT "C"

	Note	For the period from operation on December 14 2020 to December 31, 2020 (SR)
Net assets attributable to unitholders at beginning of the period		-
Net comprehensive income for the period		112,853
Subscriptions during the period	7	1,684,381
Net assets attributable to unitholders at end of the period		1,797,234
 Transactions on units during the period are summarized as following:		
		Units
Units at beginning of the period		-
Units issued during the period		167,592
		167,592

"The Accompanying Notes from (1) To (17) Constitute an Integral Part of These Financial Statements"

Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah – Kingdom of Saudi Arabia

Statement of Cash Flows for the period from operation on January 14, 2020 to
December 31, 2020

EXHIBIT "D"

	Note	For the period from operation on January 14, 2020 to December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		(SR)
Net comprehensive income for the period		112,853
Adjustments to reconcile net comprehensive income for the period to net cash flows from operating activities		
Unrealized gain from investments in financial assets at fair value through statement of income	8	(50,289)
Changes in operating Assets and Liabilities		
Investments in financial assets at fair value through statement of income		(1,737,717)
Dividends receivable		(1,368)
Net Cash flows used in Operating Activities		(1,676,521)
CASH FLOWS FROM FINANCING ACTIVITIES		
Unitholders subscriptions	7	1,684,381
Net Cash from Financing Activities		1,684,381
Net Increase In Cash at investment portfolio		7,860
Cash at Investment Portfolio at the Beginning Period		-
Cash at Investment Portfolio at the Ending Period		7,860

"The Accompanying Notes from (1) To (17) Constitute an Integral Part of These Financial Statements"

Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020

1. The Fund And Its Activities

- Alkhabeer Waqf Fund I (the fund) is an open-ended public endowment fund, the starting date of operation was on January 14, 2020, however, all units of the fund are considered an endowment to The Society of Majid Bin Abdulaziz for Development and Social Services in Jeddah city and it's managed by Alkhabeer Capital ("Fund Manager"). The fund manager is Closed Joint Stock Company registered in the Kingdom of Saudi Arabia, licensed from the Authority (As licensee party) in accordance with commercial registration number 4030177445 issued from Ministry of Trade and Investment in accordance with Authorized Persons Regulations issued from CMA board license number 07074-37 dated on July 4, 2007 to engage in (I) Dealing as principal and underwriting, (II) Arranging (III) Advising , (IV) Managing, and (V) custody.
- The The fund objective is to distribute annual income for favor of The Society of Majid Bin Abdulaziz for Development and Social Services (Beneficiary) with minimum percentage of 75% from net received fund returns -if any- for the purpose of supporting the association charity works, on the other hand, to invest the remaining percentage from the undistributed returns in Al Khabeer Waqf I. The fund mainly invest in Real Estate Investment Traded Funds (REIT) which includes initial public offering for units of Real Estate Investment Traded Funds. In addition to, the fund may invest in real-estate generating income funds (open or closed), generating income funds (non-real estate), capital market funds, Sukuk, Sukuk funds that complied with Shari'a, Murabha deals with parties under control of Saudi Monetary Agency or similar agency in outside of Kingdom, and Murabha funds based on investment restrictions that be mentioned in the Terms & Conditions and information memorandum. The fund manager will investing fund's assets professionally in order to achieve capital growth, distributing percentage from return continually and on annual basis regarding to endowment expenses that determined to fund which represented by services rendered from The Society of Majid Bin Abdulaziz for Development and Social Services (Beneficiary), however, the Beneficiary are committed to pay fund return on development and social services based on related development program.
- The fund is subject to the Investment Funds Regulations (Regulations) published by the Capital Market Authority on Dhul Hijjah 3, 1427 (H) corresponding to December 24, 2006 (G) based on the Capital Market Law issued by Royal Decree (M / 30) and on Jumada al-Akhir 2, 1424 (H), as amended by the decision of the Capital Market Authority No. (1-61-2016) dated Shaban 16 1437 (H) corresponding to May 23, 2016 (G), which states the matters that all investment funds operating in the Kingdom must follow.
- This statement represent the first financial statement for the fund.
- The fund is an open-ended public Waqf fund, the fund portfolio value is determined on each evaluation day, and the unit value is calculated by dividing the net asset value (total fund assets minus total liabilities) on the total number of existing units at that time.
- Address of the Fund Manager:
Madinah Road
P.OB 128289
Jeddah 21362
Kingdom of Saudi Arabia

Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

2. Basis of preparation

a) Statement of compliance with IFRS

The financial statements for the year ended December 31, 2020, have been prepared in accordance with the International Financial Reporting Standards as adopted in the Kingdom of Saudi Arabia and other pronouncements and standards issued by the Saudi Organization of Certified Public Accountants (SOCPA).

b) Basis of measurement

The financial statements have been prepared on the historical cost basis using the accrual basis, the going concern assumption, except for the financial assets at fair value through statements of income.

c) Presentation currency

These financial statements are presented in Saudi Riyals, which represents the presentation and functional currency of the Fund.

3. Summary of significant accounting policies

The significant accounting policies of the Fund that were applied in preparing the financial statements in accordance with International Financial Reporting Standards are as follow:

a) Cash and cash equivalents

Cash include the current account at investment portfolio and other current accounts at the bank.

b) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

A financial asset is any asset that is:

- a. Cash, or
- b. Equity instruments in another entity, or
- c. A contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or liabilities with another entity under conditions are potentially favorable to the entity, or
- d. A contract that may or will be settled in the entity's equity instruments.

Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah - Kingdom of Saudi Arabia

Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

Classification and initial recognition

The Fund classifies its financial assets in the following measuring categories:

- Those to be measured subsequently at fair value (through statement of income or through statement of comprehensive income)
- Those to be measured at amortized cost.

The classification depends on the fund's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement of income or other comprehensive income. As for investing in debt instruments, it depends on the business model in which investment is held. As for the investment in equity instruments, this depends on whether the fund made an irreversible selection at the time of initial recognition for accounting for equity instruments at fair value through other comprehensive income. The fund reclassifies debt instruments only when it changes its business model to manage those assets.

At initial recognition, the fund measures its financial assets (not classified under the fair value category through the statement of income) at fair value plus transaction costs directly related to the acquisition of the financial assets. In the case of financial assets classified under the fair value through statement of income, transaction costs are recorded in the statement of income.

Subsequent measurement

- ***Equity instruments:***
 - All equity investments are measured at fair value, and if the fund management decides to choose to display fair value gains or losses in equity investments within other comprehensive income, then it is not possible to reclassify fair value gains or losses within the statement of income, and dividends from these investments continue to be recognized in the income statement of income as income when the Fund's right to receive payments is established. Impairment losses and reversals of impairment losses on equity investments that are measured at FVOCI are not treated separately from other changes in fair value.
 - Changes in the fair value of financial assets at fair value through statement of income are recognized in other gain / (losses) in the statement of income as applicable.

Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

– Debt instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Fund classified its debt instruments:

• Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gains or losses on a debt instrument that is measured at amortized cost and is not part of a hedging relationship is recognized in statement of income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

• Fair value through other comprehensive income (FVOCI):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represents solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains or losses which are recognized in income statement. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to statement of income and recognized in the other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest method.

• Fair value through statement of income:

Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through income statement. A gains or losses on a debt investment that is subsequently measured at fair value through statement of income and is not part of a hedging relationship is recognized in income statement and presented net in the statement of income within other gains / (losses) in the period in which it arises. Interest income from these financial assets is also recognized as financial interest. The fund, by virtue of its classification, is an "investment entity" in accordance with international financial reporting standards. The fund accounts for its investments in controlled companies, joint ventures and associates at fair value through the statement of income, with the exception of the subsidiary, which is an expansion of the fund's investment activities.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the debt instrument, or, where appropriate, a shorter period to net the carrying amount on initial recognition.

Impairment

The Fund assesses on a forward looking basis the expected credit losses associated with its assets carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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(Managed by Alkhabeer Capital)
Jeddah – Kingdom of Saudi Arabia

Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

b) Financial liabilities

A financial liability is any liability that is:

- Contractual obligation to deliver cash or another financial asset to another entity.
- Contractual obligation to exchange financial instruments with another entity under conditions that are potentially unfavorable.
- A non-derivative contract for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments.

Initial recognition

Financial liabilities are recognized initially at fair value. The Fund's financial liabilities include accrued and other financial liabilities.

Subsequent measurement

Fund classifies all financial liabilities subsequent to initial measurement at amortized cost.

Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognized amounts and an intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Derecognition of financial instruments

- The Fund derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.
- On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in the statement of income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Fund has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.
- The Fund derecognizes financial liabilities when, and only when, the Funds' obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of income.

Alkhabeer Waqf Fund I
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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

c) Fair value measurement

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS (2), leasing transactions that are within the scope of IFRS (16), and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS (2) or value in use in IAS (36).
- In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of inputs to the fair value measurement in its entirety, which are described as follows:
 - Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
 - Level 2: inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
 - Level 3: inputs are unobservable inputs for the asset or liability

d) Distribution of dividends

- Fund manager has the right to distribute profits gained from fund's investment fully or partially, if any, and capital gain, if any, based on fund manager decision. Dividends are distributed once after the permission of the fund's board of directors. Fund manager has the right to make distribution more than once a year. Fund manager is able to reinvest the profits received from fund's investments temporarily in other murabaha funds and profitable deals with a counterparty that subject to the Saudi Monetary Authority or similar authority in foreign country, until the dividends are due to the beneficiary party, the return from these investments will be added to the total profits that subject for distribution. A minimum of 75% of the fund profit received will be issued to the beneficiary for the purpose of charity activities by the association, as the remaining profit percentage will be reinvested in Alkhabeer Waqf Fund (1).
- Profits are distributed, in normal course of circumstances, once in year within 10 working days from the end of December each year, fund manager own the right to make more than one distribution or make the distribution in different dates.
- A percentage of at least 75% of the fund profit received, if any, are distributed to the beneficiary of the fund, as the remaining profit percentage will be reinvested in Alkhabeer Waqf Fund (1).

Alkhabeer Waqf Fund I
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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

e) **Zakat and income tax**

Zakat and income tax are the responsibility of unitholders, and therefore no provision made for them in the financial statements.

f) **Revenue recognition**

- Gains and losses realized from selling financial assets are recognized at fair value through the statement of income in the income statement. Unrealized gains and losses from changes in the fair value of financial assets at fair value through the income statement of income are recognized in the income statement as well.
- Dividends from investments carried at fair value through statement of income are recognized when the fund is entitled to receive them.

g) **Net assets value per unit**

Net asset value per unit is calculated by dividing the net assets belonging to holders of outstanding units in the balance sheet by the number of outstanding units at the end of the period.

4. Significant accounting estimates, assumptions and judgment

Preparing financial statements and applying accounting policies requires fund management to make assessments and assumptions that affect the value of financial assets and financial liabilities, and to disclose potential liabilities. Moreover, these valuations and assumptions affect the income, expenses, provisions and changes in fair value reported in the statement of comprehensive income. In particular, this requires the entity's management to make significant judgments and assumptions to assess the amounts and timing of future cash flows. Moreover, the aforementioned assessments are necessarily based on assumptions and factors of varying degrees of consideration and uncertainty. In addition, actual results may differ from the circumstances and circumstances of these future assessments.

Valuations approved in the assessments financial statements are reasonable. Details are as follows:

Management frequently reviews financial assets at cost to assess any impairment in their value. The impairment loss is recorded to the statement of comprehensive income.

5. Cash in Investment Portfolio

This item represents the cash account at investment portfolio. Also, it registered by name of custodian (Albilad Capital), and it's used exclusively for the fund's transactions and it doesn't have any restrictions or limitations for use.

Alkhabeer Waqf Fund I
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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

6. Investments in Financial Assets at Fair Value Through Income statement

	Number of units		Market value as of		Net unrealized Profit
	December 31, 2020	Cost	December 31, 2020	SR	
Jadwa REIT Saudi Fund	20,459	244,739	286,426	SR	41,687
Al Rajhi REIT Fund	29,264	279,129	283,861		4,732
Riyad REIT Fund	29,216	250,609	248,336		(2,273)
Derayah REIT Fund	19,175	207,895	214,760		6,865
Musharka REIT Fund	16,050	149,384	157,772		8,388
Al-Badr Murabaha Fund - SAR	7,564	118,467	118,698		231
SEDCO Capital REIT Fund	10,946	103,861	102,345		(1,516)
Al Maather REIT Fund	10,239	87,601	91,127		3,526
SWICORP WABEL REIT Fund	9,857	79,904	73,040		(6,864)
Taleem REIT Fund	5,665	70,862	72,965		2,103
AlAhli REIT Fund 1	7,845	75,417	69,977		(5,440)
Mulkia Gulf Real Estate REIT	7,591	69,849	68,699		(1,150)
Total		1,737,717	1,788,006		50,289

7. Number of units and subscriptions

The period of initial offering for the fund was started on Safar 2, 1441 H corresponding October 1, 2019 until to Rabi' II 5, 1441 H corresponding December 2, 2019 G, however, the period of initial offering has extended after obtaining approval from Capital Market Authority for 21 working days starting from Rabi' II 6, 1441 H corresponding December 3, 2019 G until Jumada I 5, 1441 H corresponding December 31, 2019 G. Accordingly, the initial offering have been closed, where number of initial offering unites amounted 151,003 unit, with initial offering amount of SR 1,510,030. Moreover, during the period the subscriptions amounted to SR 174,351 with a proportion of 16,589 unit.

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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

8. Investments in financial assets at fair value through income statement

Investments are represented in financial assets at fair value through income statement in securities for trading units in funds traded in the Saudi capital markets, consisting of the following:

	For the Period from Operation on January 14, 2020 to December 31, 2020
	SR
Realized Losses from investments in financial assets at fair value through income statement	(17,707)
Realized Profits from investments in financial assets at fair value through income statement	911
Unrealized Profits from investments in financial assets at fair value through income statement- Net (Note/6)	50,289
	33,493

9. Expense

- Fund manager Alkhabeer Capital supported the fund by bearing the full expenses of the fund from the date of operation until December 31, 2020 with a total expense SR 143,040.
- Management fees: the fund manager (Alkhabeer Capital) is entitled to receive management fees from the fund, the fees are calculated as lower of 10% from the fund's revenue or 0.75% annually of the fund's net asset value.
- Custodian fees: the custodian (Al Bilad Capital) is entitled to receive 0.10% annually of the net asset value in the case that the net asset value is lower or equal 250 million Saudi Riyal with a minimum fees of SR 5,000.
- Administrative expenses and fees: the administrator (Alkhabeer Capital) is entitled to receive annual fees 0.20% of the fund's total assets.
- Commission Expense: paid directly from the fund's total assets.
- Fees and other expense: maximum of 1% of the fund's total assets.

10. Transactions with related parties

The most significant related party transaction occurred during the year the fund manager decided to bear the full expenses of the fund from the date of operation until December 31, 2020 with total expense SR 143,040.

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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

11. Financial risk management

- The Fund's principal assets comprise cash in investment portfolio, as long as financial assets for the purpose of trade and sale.
- The fund is exposed to market risk, currency risk, interest rate risk, liquidity risk, credit risk and property price risk. The top management of the fund monitors how these risks are managed. The Fund Manager reviews and approves the policies for managing these risks, which are summarized as follows:

- **Market risk**

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to change in market prices. Market prices consist of three type of risks: interest rate risk, currency risk and other price risk such as stock price risk and price risk.

- **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows the financial instruments will fluctuate due to change in market interest rate. The Fund is not subject for interest rate risk.

- **Foreign currency risk**

Foreign currency risk is the risk that fair value or future cash flows the financial instruments will fluctuate due to changes in foreign exchange rate. The Fund is not subject to foreign currency risk.

- **Equity price risk**

- The listed and unlisted securities of the fund are exposed to market price risks arising from the uncertainty of the future values of investment in securities. The fund manages equity price risk through diversification of investments.
- The following table shows the sensitivity of profit or loss to the change in the declared prices of investments, with the condition that the rest of the other variables don't change:

	Change in price	The effect on the income statement and the statement of changes in net assets
<u>As of December 31, 2020</u>	%	SR
Investments in financial assets at fair value through income statement	10 ±	178,801

- **Liquidity risk**

The Fund objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdraft and loans. The Fund actively manages the working capital requirements and has secured sufficient credit facilities to meet the cash flow requirements.

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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

- Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund exposed to credit risk from its operating activities and from its financing activities, including deposits with banks.

- Fair value

The Fund classifies fair value measurement methods using a hierarchy that reflects the significance of the inputs used in making the measurement methods. The following is the fair value hierarchy of the valued financial instruments:

- Level (1): Quoted (unadjusted) prices in active markets for similar assets and liabilities.
- Level (2): Inputs other than the quoted prices within Level (1) that are salinisable for the asset or liability, directly (such as prices) or indirectly (such as a derivative of prices).
- Level (3): inputs for the asset or liability that are not based on market information for salinity.

Financial assets

	Valuation date	Fair value	Fair value level	Method of evaluation and observed input	Unobservable important input	The relationship between unremarkable significant inputs and fair value
Funds traded through active markets	December 31, 2020	1,788,006	Level one	Prices Quoted in the financial markets	Not applicable	Not applicable

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Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)

12. International Financial Reporting Standards of new and amended interpretations issued:

a) International Financial Reporting Standards of new and amended interpretations and effective:

The company did not apply any of the new international standards, amended issued, and not effective yet:

Standard or Interpretation No.	Description	Effective Date
Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IFRS 7, IFRS 4, IFRS 16 and IAS 39)	The amendments provide temporary exemptions that address the effects of financial reporting when an Interbank Offered Rate (IBOR) is exchanged for a Risk-Free Alternative Interest Rate (RFR). Amendments include a practical expedient requiring contractual changes or changes in cash flows, which is necessary as a direct consequence of interest rate benchmark reform, to be dealt with as variables in the variable interest rate, equivalent to the movement in the interest rate in the market. Allowing the use of this practical expedient is provided with the condition that the transfer from IBOR to (RFR) takes place on an economically equivalent basis without the occurrence of value transfer.	January 1, 2021, or after
Annual improvements to IFRS 2018-2020 (amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)	<i>IFRS 1 amendments, First-time Adoption of International Financial Reporting Standards</i> An extension of the optional exemption that allows the subsidiary which becomes an adopter of the IFRS for the first time after the parent company to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS Standards. Similar election is available for the associate and joint venture. <i>IFRS 9 amendments, Financial Instruments</i> The amendments clarify the fees an entity includes when it applies the '10 per cent' test in assessing whether to de-recognize a financial liability. <i>IFRS 16 amendments, Leases</i> The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements. <i>IAS 41 amendments, Agriculture</i> The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.	January 1, 2022, or after
IFRS 3 amendments, Business Combinations - Reference to the Conceptual Framework	The amendments aim to update the reference to the conceptual framework without changing the accounting requirements of IFRS 3 Business Combinations.	January 1, 2022, or after

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**Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)**

Standard or Interpretation No.	Description	Effective Date
IAS 16 amendments, property, plant and equipment - proceeds before intended use	Amends the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.	January 1, 2022, or after
IAS 37 amendments, Provisions, Contingent Assets and Liabilities - Onerous Contracts - Cost of Fulfilling a Contract	Amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract will produce a loss.	January 1, 2022, or after
IAS 1 amendments, Presentation of Financial Statements	<ul style="list-style-type: none"> • Clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. • Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. • Explain that rights are in existence if covenants are complied with at the end of the reporting period. • Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. • Are applied retrospectively. 	January 1, 2022, or after
IFRS 17, Insurance Contracts	IFRS 17 supersedes IFRS 4, the new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.	January 1, 2023, or after
IFRS 10 and IAS 28 amendments – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	Indefinite effective date

The Fund's management does not expect that these standards will have a material impact on the financial statements when applied in future periods.

Alkhabeer Waqf Fund I
(Managed by Alkhabeer Capital)
Jeddah - Kingdom of Saudi Arabia

**Notes to the Financial Statements for the period from operation on January 14, 2020 to
December 31, 2020 (Continued)**

13. Last day for evaluation

The last evaluation of the financial reporting report was on December 31, 2020.

14. Subsequent events

On January 3, 2021 the fund's board of directors decided to distribute dividend for the period from January 14, 2020 to December 31, 2020 an amount equal 0.3551 Saudi Riyal per unit with net amount of 59,520 Saudi Riyal.

15. The effects of the spread of COVID - 19

Throughout the beginning of the 2020, in several geographical regions, the world is going through rapid developments related to the outbreak of the novel Coronavirus Disease (COVID-19). This has caused disturbances to economic activities and businesses. Countries, including the Kingdom of Saudi Arabia, are seeking to take precautionary and preventive procedures to address the spread of the virus and mitigate its effects. Despite the effectiveness of these procedures, they have affected the business environment and the general outcome of society. However, KSA has put in place packages and decisions to mitigate the economic implications of such procedures, in order to help the business sector to overcome this health pandemic with minimal harm as much as possible. The fund management believes that such an event has no substantial effect on its financial statement.

16. Approval of financial statements

These financial statements were approved by the Fund Manager on Sha'ban 6, 1442(H) corresponding to March 19, 2021(G).

17. General

- a) This is the first financial statement for the fund.
- b) The figures in the financial statements are rounded to the nearest Saudi Riyal.

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Alkhabeer Capital



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